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CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE

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THE WEEK IN BRIEF

PART I

OF IMMEDIATE INTEREST

THE SOVIET VISIT TO BRITAIN Page 1

The Soviet View: Moscow evidently recognizes that Bulganin and Khrushchev failed to make a favorable impression on British public opinion or to stimulate Labor Party interest in contacts with the Soviet Communist Party. Khrushchev's determination to continue the present Soviet diplomatic tactics, including high-level exchanges, is evident in his statement that the Soviet leaders would be interested in visiting the United States. [REDACTED]

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The British View: British government leaders feel that they were successful in their handling of the Bulganin-Khrushchev visit. They believe they gained insight into the Soviet leaders' approach to world-wide problems, and are convinced that the USSR might unilaterally reduce its conventional forces without a disarmament agreement. British officials also regard with favor the improved prospect for an increase in trade and cultural relations. [REDACTED]

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SOVIET MOVES
ON DISARMAMENT

Page 4

As the United Nations Disarmament Subcommittee neared the end of its sessions in London, Soviet delegate Gromyko announced that the USSR was willing to add nuclear disarmament to its proposals of 27 March for a reduction of conventional forces. Moscow will probably continue to concentrate on calls for early conventional reductions and may reduce its own forces unilaterally. [REDACTED]

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ARAB-ISRAELI SITUATION Page 5

UN secretary general Hammarskjold has announced conclusion of a cease-fire agreement between Israel and Egypt and "positive results" in his negotiations covering the other Palestine fronts. Both sides are continuing to build up armaments, however, and military forces remain in advance positions ready for action. [REDACTED]

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PART II**NOTES AND COMMENTS****MAY DAY CELEBRATION
IN MOSCOW. Page 1**

May Day events in Moscow reflected the current Soviet "policy of peace." No new military equipment was displayed, and the main speech, delivered by Defense Minister Zhukov, was unusually mild. Only a few pictures of Stalin appeared in the parade. [REDACTED]

**SATELLITE AMNESTY
PROGRAM EXPANDED Page 2**

The East European Satellites have expanded their amnesty programs in recent weeks. They hope thereby to create a favorable impression at home and abroad and to pave the way for greater co-operation between the Socialist and Communist parties of the world. [REDACTED]

**POLISH REGIME WARNS AGAINST
IMMODERATE ATTACKS ON POLICY Page 3**

Public criticism of virtually all aspects of Polish life has reached such heights in recent weeks that First Secretary Ochab has been obliged to warn "politically unstable" elements against attacking party policy. Influential elements have called openly for the dismissal of top party leaders. [REDACTED]

**SINO-SOVIET BLOC CO-ORDINATION
AGAINST TRADE SANCTIONS. Page 4**

An illustration of co-ordinated economic activities by countries of the Sino-Soviet bloc in pursuit of political objectives is provided by Communist China's rubber purchases from Indonesia and Burma and its offer to buy rubber from Cambodia. The USSR and the Satellites take much of this rubber from China at the same premium prices it pays. China is already assured a more than adequate supply of rubber for its own use under a trade pact with Ceylon. The main purpose of this program is to make the UN-sponsored embargo ineffectual and discredit Western trade limitations generally. [REDACTED]

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****3 May 1956****FUTURE OF THE TRUCE
COMMISSION IN VIETNAM. Page 4**

The future of the International Control Commission in Vietnam has become uncertain as a result of the dissolution on 28 April of the French high command, marking the end of French responsibility for implementing the Geneva agreement. The commission will probably continue to function for some time, despite Indian insistence on a clear-cut transfer of legal responsibility to the government of South Vietnam. The commission's influence, however, is likely to diminish as South Vietnamese co-operation will probably be limited. [REDACTED]

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**NORTH KOREAN
PARTY CONGRESS Page 5**

The recent third congress of the North Korean Communist Party reflected the continuing predominance of Soviet influence in North Korea, despite the magnitude of Communist China's military and economic effort during and since the Korean hostilities. North Korean propagandists echo Moscow's line and have applied the term "leader" to the party's central committee rather than to Kim Il-sung. Nevertheless, Kim remains both premier and party chairman. [REDACTED]

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**SOUTH KOREA'S PRESIDENTIAL
ELECTION Page 6**

The campaign for South Korea's election on 15 May has been characterized to date by a show of considerable opposition strength. The opposition is conceded a chance to defeat President Rhee's running mate, Yi Ki-pung; therefore, the closing days of the campaign probably will be marked by increased police activity on behalf of the Rhee-Yi slate. [REDACTED]

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**JAPANESE ATTITUDES
TOWARD NUCLEAR TESTS Page 7**

According to a recent public opinion survey, the Japanese public is apprehensive over atomic tests in the Pacific, but is not "alarmed." Press coverage, while adverse, is not sensational. [REDACTED]

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GREEK POLITICAL SITUATION. Page 9

Prime Minister Karamanlis has survived the parliamentary debate on his foreign minister's handling of the Cyprus dispute. Greece is planning to take up the problem with British and Turkish representatives at the current NATO meeting. If this moderate approach fails to make progress, a new opposition attack might unseat the government. [REDACTED]

AUSTRIAN ELECTIONS Page 10

On 13 May the Austrians will elect a new parliament in a country free of foreign troops for the first time in 18 years. The conservative People's Party and the moderate Socialists appear to be about evenly balanced; the outcome as between them is expected to hinge on a few thousand votes. The major issue is the question of public versus private control of the oil properties returned to Austria by the USSR. [REDACTED]

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PANAMA Page 12

The leadership of Panama's next administration seems likely to be determined less by the national elections scheduled for 13 May than by the outcome of the bitter struggle for power within the administration's corrupt political machine. If some degree of unity can be restored to the official party, compromise candidate De la Guardia appears assured of victory in the election. If not, one of the two contending factions in the party may attempt a coup. [REDACTED]

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CUBAN REVOLT Page 13

The revolt in the city of Matanzas appears to have left President Batista's grip on Cuba unshaken. The opposition will probably continue to exploit the situation, but it is considered incapable of subverting the armed forces, the majority of which remains loyal to the regime.

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PART III

PATTERNS AND PERSPECTIVES

USSR TAKES CAUTIOUS STEPS TOWARD ADMINISTRATIVE DECENTRALIZATION Page 1

Since Stalin's death, the Soviet regime has taken a few steps toward decentralizing administrative authority. This process appears designed to increase efficiency in management by drawing on the initiative at the lower administrative levels and giving the administrative class an opportunity for professional self-expression. Decentralization, however, has proceeded cautiously. While the regime wants the benefits from its "liberal" policies, it does not intend for the bureaucrats to gain a degree of political authority commensurate with their status and importance in the society.

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EAST GERMANY RENEWS ITS ATTACK ON THE EVANGELICAL CHURCH Page 7

East Germany's Communist regime has abandoned its conciliatory attitude toward the German Evangelical Church, which has been a major obstacle to Communist control of all phases of East German life. The regime claims it does not intend to infringe on church activities. It has, however, cut off the major sources of church revenue, forbidden religious instruction in secondary schools in East Berlin, and is trying to set up a separate Communist-controlled hierarchy for the East German Evangelical Church. [REDACTED]

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EURATOM AND THE COMMON MARKET. Page 9

With the completion on 21 April of the draft plans for EURATOM (European Atomic Energy Agency) and the common market, the European integration drive is ready to move from the technical phase into a new and critical period of domestic political bargaining and intensive diplomatic negotiation. Advocates of the new proposals are already stepping up their efforts to recruit the parliamentary support needed to put them into effect, and on 29 May, the foreign ministers of the prospective member nations--France, Italy West Germany and the three Benelux countries--will try to iron out the outstanding substantive problems and decide whether or not to proceed to the actual drafting of treaties. [REDACTED]

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PART I

OF IMMEDIATE INTEREST

THE SOVIET VISIT TO BRITAIN

The Soviet View

Moscow evidently recognizes that Bulganin and Khrushchev failed to make a favorable impression on British public opinion or to stimulate Labor Party interest in contacts with the Soviet Communist Party. The Soviet leaders presumably did not expect agreement with British leaders on substantive issues, but probably feel that the realistic exchange of views was useful. Khrushchev's determination to continue the present Soviet diplomatic tactics, including high-level exchanges, is evident in his statement that the Soviet leaders would be interested in visiting the United States.

Bulganin and Khrushchev must be acutely conscious of the striking contrast between the small, cool, and sometimes hostile crowds which greeted them in the streets of British cities and the cheering throngs they met in India. Khrushchev's angry reaction to this reception contributed to the failure of the visit from a public relations point of view.

In his speech at the Moscow airport on his return, Khrushchev vigorously attacked "reactionary elements" among the British Labor leaders. He is evidently aware that the heated discussions at the Labor Party dinner on 23 April set back the Soviet campaign to draw the Laborites toward collaboration with the Communist Party of the USSR and may prove to be a serious

handicap to the Soviet effort to establish closer relations with Socialists throughout Western Europe.

Khrushchev, in his Moscow speech, charged that the Labor leaders did not reflect rank-and-file opinion in the party, and Soviet propaganda has claimed that they are being strongly criticized for their behavior by party members. This line may indicate that future tactics to win over the Socialists will give greater attention to the mass membership rather than the leaders, although at a second meeting with Labor leaders, Khrushchev suggested in general terms the possibility that they might visit Moscow.

The Communists' effort to bridge the wide gap between them and Democratic Socialists has thus far been rebuffed throughout Western Europe as well as in Britain, but it remains a major aim of the USSR.

The Soviet offer to purchase some \$2.8 billion worth of British goods in the next five years if strategic controls were lifted was made on the last day of the talks, and thus was clearly designed to impress British businessmen rather than serve as a basis for negotiating. The Russians did not make it clear how many of the orders might be placed if controls were not lifted, or whether this was an all-or-nothing offer. They do not expect to break the British government's adherence to controls

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at once, but are counting on long-term results.

The Soviet leaders probably arrived in London with no expectation that significant progress could be made in negotiating major outstanding issues. The results of the substantive discussion bore this out, representing neither a gain nor a loss from Moscow's viewpoint. The Soviet leaders may have been impressed by the firmness of the British-American alliance. In any case, they made few obvious attempts to create a division.

In general Bulganin and Khrushchev seemed content with making a forceful presentation of their views, in some cases expressed even more rigidly than in the past. They went through the motions of seeking the re-convocation of the Geneva conference on Indochina, but appeared to be making only the minimum effort necessary to satisfy their allies in Peiping.

The joint statement on the Middle East added little to the Soviet position as expressed in the Soviet declaration issued on the eve of the visit of Bulganin and Khrushchev. The Soviet decision to subscribe to the joint statement's call for a solution to the Arab-Israeli dispute "on a basis mutually acceptable to both sides" has caused disillusionment in some Arab circles. However, the loss to the USSR of some Arab confidence probably will not be permanent since Moscow can still support the Arabs in any future negotiations, especially with regard to the Arab refugees and Arab territorial claims against Israel.

Khrushchev's declaration to the press that the USSR would be willing to join in a UN ban of arms shipments anywhere in the world served notice to the West that Moscow's price for curtailing arms shipments to the Arabs would be a commitment from the West to curtail such shipments to Baghdad pact members. Furthermore, by implying an intention to use greater restraint in "sponsoring" the Arabs against Israel--possibly a reflection of Soviet fears that further deterioration of the situation might involve great-power intervention and the risk of all-out war--the USSR has placed itself in a better position to avoid taking the blame for existing or future tensions in the area.

The British View

British government leaders feel that they were successful in their handling of the Bulganin-Khrushchev visit. British Socialists saw confirmation of the wide gulf that exists between Socialism and Communism.

The many hours of private talks gave Whitehall the opportunity it desired to explore the wide range of Anglo-Soviet and world-wide problems, as much to clarify differences as to approach agreement. British officials received dramatic proof of their expectation of prolonged trouble from the Soviet intrusion in the Middle East by the visitors' bluntly expressed intention to harass Britain there as long as the Baghdad pact is maintained. They believe they nevertheless scored a tactical point by getting the USSR to join them in urging support of UN measures to maintain the peace in the Middle East.

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Foreign Secretary Lloyd apparently believes he so succeeded in impressing the Russian guests with Britain's intention to protect its interests in the Middle East that they realized the seriousness of the situation for the first time.

Khrushchev's treatment of the disarmament problem has led the British to anticipate unilateral Soviet reduction of conventional forces. The Western position of "no disarmament without German reunification" no longer exerts appreciable leverage on Moscow, according to a senior Foreign Office official who states that Britain is considering informing West Germany that Britain might match any Soviet reduction.

Of all the developments, Khrushchev's clash with the Labor Party may have the most lasting effect in Britain. His abrupt dismissal of demands for release of Social Democrats brought a rare degree of unity to the opposition. A resolution criticizing party leader Gaitskell's conduct toward the Soviet visitors received only ten votes at a 26 April meeting of the parliamentary Labor Party. Gaitskell told Khrushchev it was impossible for the Labor Party to accept an invitation from the Communist Party, but left the door open to any later bid from the government of the Soviet Union.

In general, Britain's hopes for early improvement in Anglo-Soviet relations rest mainly in the sphere of cultural relations. London took heart from

the USSR's announced curtailment of its jamming of BBC broadcasts during the visit. To encourage Moscow in this respect, BBC on 26 April cut down its own broadcasts to the Soviet Union, since Moscow had previously justified its jamming by referring to the excessive number of frequencies used by Western broadcasts. The British also hope that travel to the Soviet Union may be expanded despite the vagueness of the statement the Russians were willing to put in the final communiqué.

Prime Minister Eden's optimistic public statement on the USSR's conditional \$2.8 billion five-year trade offer is likely to encourage public expectations for a substantial rise in trade, despite Britain's stated unwillingness to relax restrictions on strategic exports and the USSR's unwillingness to promise larger purchases of British goods without an easing of such restrictions.

The British public appears well satisfied with the government's conduct of the visit, and, as measured by press comment, generally approves Eden's acceptance of the invitation to visit the USSR. Khrushchev's confident performance, particularly in handling the 27 April press conference, fostered the general belief that he was not, in the words of the influential Manchester Guardian, "the kind of Caesar who would willingly risk war."

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SOVIET MOVES ON DISARMAMENT

As the UN Disarmament Subcommittee approached the end of its sessions in London, Soviet delegate Gromyko announced on 26 April that Moscow was willing to add nuclear disarmament provisions to its proposals of 27 March for the reduction of conventional forces and armaments. He denied Western claims that the USSR underestimated the importance of nuclear weapons and repeated earlier assurances that the comprehensive Soviet disarmament plan of 10 May 1955 still stands.

Gromyko said he would be willing to discuss both conventional and nuclear disarmament simultaneously, but would not agree to make conventional reductions dependent on reaching agreement on nuclear disarmament. This announcement was apparently intended to be the USSR's final position in the current series of subcommittee negotiations.

Soviet Attitude

The American delegation concluded after the Bulganin-Khrushchev visit to London that there is no prospect at this time that the USSR will accept aerial photography as part of an effective inspection system. British officials were struck by what UK delegate Nutting described as Khrushchev's "utter contempt" for the subcommittee as a serious negotiating organ.

Moscow will undoubtedly claim that Gromyko's willingness to add nuclear disarmament to the latest Soviet proposals is another demonstration of

Soviet efforts to meet Western criticisms and to move toward the West's disarmament position. There were several indications last week, however, that the Soviet leaders believe they can create the most favorable impact on the non-Communist world by continuing to call for early reductions in the field of conventional forces and arms, where the USSR has long held a numerical superiority over the West.

Armed Forces Cuts

In his conversation with Governor Stassen on 24 April, Khrushchev asked if the United States would reduce its armed forces if the USSR would cut its forces by 1,000,000 men and make a corresponding reduction in armaments. This query suggests that the USSR may soon confront the United States with a public challenge along these lines. This move would be consistent with the pattern of other recent Soviet actions designed to portray the United States as unresponsive to Soviet peace gestures, such as Bulganin's offer of a friendship treaty and the much-publicized claim of a 640,000-troop reduction last year. Gromyko remarked to Stassen that reciprocal reductions in Soviet and American forces might lead to "a chain reaction."

The USSR may also attempt to place the Western powers on the defensive by carrying out a unilateral reduction in its forces in East Germany. Khrushchev told Stassen that the USSR was ready to make a beginning by reducing these forces without

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waiting for a solution of the German question.

The Soviet interest in pressing for early cuts in conventional forces as a first step toward a comprehensive disarmament agreement was also apparent in Gromyko's attempts

to include in the final communiqué on the Bulganin-Khrushchev visit a reference to an agreement to start immediate reductions in conventional forces without any inspection and control machinery and without agreement on nuclear disarmament.

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ARAB-ISRAELI SITUATION

UN secretary general Hammarskjöld has been successful in obtaining a cease-fire agreement between Israel and Egypt. He has also announced "positive results" in the negotiations involving Syria, Jordan and Lebanon. The details have not been released. Both sides are continuing to build up armaments, however, and military forces remain in advance positions ready for action. The threat of precipitous action over Banat Yacov remains. Hammarskjöld is scheduled to make his final report to the UN Security Council next week.

Danger Remains

Hammarskjöld told UN officials in Beirut on 28 April that while satisfied that neither side wished to precipitate hostilities, he felt there was little appreciation of the realities by either the Arabs or the Israelis and no disposition at present to reach a settlement through compromise. Both Egypt and Israel have apparently agreed to his proposals for enforcing the truce, which call for an increase in the number of UN observers, mobile patrols, and observation posts in the Gaza strip.

Syria's agreement to a cease-fire was achieved at the last moment and the adherence will depend largely on Israeli action in connection with its Jordan River water diversion project at Banat Yacov. Jordan is apparently willing to follow Syria's lead. Any Lebanese agreement to a cease-fire is relatively unimportant. The Lebanese-Israeli border has been the scene of few clashes, and Lebanon generally follows the lead of the other Arab states.

Banat Yacov

Syria probably has not changed its viewpoint that Israeli resumption of work on the Banat Yacov project would represent an act of aggression and a violation of the armistice agreements and of the UN Security Council resolution of 1953. Israel has repeatedly emphasized that it cannot let another work season--which begins in mid-May--pass without completion of the canal in the demilitarized zone.

Lebanon has proposed a plan, which it claims has approval of the Arab League, whereby each country might resume its own water projects

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and has urged the United States to ask Israel not to undertake work at Banat Yacov until some such agreement can be reached. Syrian acceptance of this proposal is not confirmed.

Buffer Zone

Proposals for establishing a neutral buffer zone by pulling opposing forces back from the demarcation line have apparently not been accepted. Egypt has indicated its willingness to do so, but Israel has maintained that creation of such a zone would be an infringement of Israeli sovereignty. The latest incidents along the Gaza strip, resulting in death of an Israeli settler, will probably increase Israel's

determination to maintain military forces along the Gaza border and inside the El Auja demilitarized zone.

Soviet Aid

Egypt and other Arab states have indicated relief that the British-Soviet communiqué following the talks in London did not go beyond the Soviet Union's 17 April statement. Egypt, in a move to reassure the Arabs that the Soviet Union had not forsaken them and was continuing to supply arms, announced on 28 April that four mine sweepers had arrived in Egypt from the Soviet bloc on 10 April. The ships are 190-foot Soviet T-43 class fleet mine sweepers.

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PART II

NOTES AND COMMENTS

MAY DAY CELEBRATION IN MOSCOW

May Day events in Moscow reflected the current Soviet "policy of peace." No new military equipment was displayed, and the main speech, delivered by Defense Minister Zhukov, was unusually mild.

Zhukov's Speech

Zhukov's speech, like the one he made last year, was cast in defensive terms. He stated that the "Soviet people take the necessary measures for further reinforcing the defensive might of the socialist state" and that the "Soviet armed forces, with their first-class military equipment, are a reliable guard and sure guarantee of the security of the state."

The bulk of Zhukov's brief speech emphasized two themes. First was the drive on the part of the "great community of the countries of socialism" for realization of the "Leninist principle of peaceful coexistence between states irrespective of their social systems." The second theme was the primacy and the "collective wisdom" of the Communist Party, with particular emphasis on the "historic decisions" of the 20th Party Congress.

Treatment of Stalin

The downgrading of Stalin was underscored both in static displays and in procession plac-

ards. In the entire city of Moscow, only a single Stalin portrait was set up for May Day. Among the thousands of placards carried by the civilian paraders, Stalin's face appeared only a few times. As in the last two years, the placement of portraits of present party leaders followed no fixed order of precedence. The American embassy reports that Bulganin and Khrushchev consistently occupied the two top honor positions, with one or the other in the number-one spot in different displays.

Military Aspects

No new ground force equipment and no aircraft except about 60 FARMER supersonic day fighters appeared in the military parade. In 1955, impressive evidence of Soviet progress in the development of a modern air establishment was presented in the form of considerable numbers of modern jet heavy bombers as well as previously unknown types of jet fighters.

Observation in the Moscow area of ten rehearsal flights for this year's parade suggested that the USSR was intending to show as many as 22 BISON jet heavy bombers, 12 BEAR turboprop heavy bombers, more than 50 TU-16 jet medium bombers and equally large numbers of day and all-weather jet fighters. Adverse weather at the time of the parade may have caused the cancellation of the planned flights.

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SATELLITE AMNESTY PROGRAM
EXPANDED

The East European Satellites have expanded their amnesty programs in recent weeks. They hope thereby to create a favorable impression at home and abroad and to pave the way for greater co-operation between the Socialist and Communist parties of the world.

Refugee Amnesties

All the Satellites, except East Germany, have promulgated or extended the time period of existing amnesties for nationals living abroad in an effort to undercut emigré opposition and to improve the standing of the East European countries in the Western world. The most intensive efforts of the program have been directed to refugee camps in West Germany and Austria.

Poland decreed its first general amnesty on 25 April, covering most crimes, including war crimes, committed by emigrés who return by July 1957. Hungary and Bulgaria in April extended earlier amnesties applying to emigrés, while Albania last January pardoned all emigrés except 220 specified by name. A Rumanian amnesty for emigrés promulgated in August 1955 is still in effect. Czechoslovakia, which issued one of the earliest amnesties for emigrés, allowed its amnesty to expire last November, but has unofficially extended it through a committee which informally encourages redefection.

The amnesty declaration for refugees is a key factor in the Satellites' general redefection program. Committees have been established abroad to contact emigrés, direct overtures have reportedly been made

to prominent refugees, and all Satellite radios have beamed redefectors' reports to the West. Albania, in addition, on 10 April, appointed a high-level commission, headed by a first deputy premier, to oversee the repatriation program.

Internal Amnesties

The internal amnesty programs are a part of the current Satellite effort to break with the practices of the past and convince the population that legality and justice are in vogue.

The most recent amnesty was declared by the Polish parliament on 27 April. The Warsaw radio claimed that 70,000 people would be affected and 30,000 of these would be freed immediately. One day earlier, East Germany announced the release of 88 political prisoners and 698 persons guilty of war crimes.

A local source of the American legation in Bucharest reports that Rumanian president Groza said an "amnesty of all political prisoners would be announced shortly." It has now been confirmed that almost all important Zionists have been released from Rumanian jails.

The Hungarian regime has released all Social Democrats, as promised by Rakosi in his "rehabilitation of Rajk" speech published on 29 March, and this amnesty may be extended to a number of other former minority party leaders as well.

Bulgaria's 18-month-old program has included the release of practically all non-Communist political leaders who had been jailed.

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POLISH REGIME WARNS AGAINST
IMMODERATE ATTACKS ON POLICY

Public criticism of virtually all aspects of Polish life reached such heights in recent weeks that First Secretary Ochab was obliged on 29 April to warn "politically unstable" elements against attacking party policy. Although many of the earlier criticisms undoubtedly were inspired by the regime as part of its program to convince the people of its liberal policies, as well as to stimulate efficiency in the economy and the government, some critics have been so outspoken that the regime has reacted by firing--or even arresting--the people responsible.

Role of Parliament

Some of the strongest comments concerned the past failures of the Sejm (parliament) to carry out the role assigned to it by the constitution, and the government has felt obliged to respond to this criticism by suggesting that this body resume its traditional parliamentary functions. Premier Cyrankiewicz, in addressing the recent session of the Sejm, spoke of the duty to supply the Sejm with the maximum facts and information "in accordance with the right principle of deepening the nonsecrecy of our economic and political life...in order to enable it to exercise proper control over the executive organs of government...as well as to legislate properly."

The government is trying to create the impression that the Sejm can and does make decisions based on debate and independent deliberation. For

example, the Polish press reported that Catholic deputies opposed an abortion law in the Sejm on 27 April, a rare instance of lack of unanimity in a Communist parliament.

Party on the Defensive

Warsaw writers, meeting on 27 April, strongly criticized the regime and demanded that a new politburo be chosen in the near future in order to remove those responsible for past abuses. The writers ignored a warning delivered by Ochab to a meeting in mid-April not to use an attack on the cult of the individual as an excuse for attacking the party. On 29 April Ochab publicly stated that freedom of criticism must not be directed against party policy or party unity and called for an all-out effort to eradicate such "opportunism and nationalism."

The attitude engendered by moves to implement the de-Stalinization program launched in Moscow--specifically the rehabilitation of many purged former officials, the denunciation and removal of the officials responsible for their unjust treatment, and the amnesty granted for political crimes--probably has encouraged many Poles to believe that it is safe now to express their ideas more openly. As a result, the regime probably will find it difficult to prevent public criticism of party policy and doctrine and to persuade the Poles to use their increased freedom in what it considers a "constructive" manner.

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**SINO-SOVIET BLOC CO-ORDINATION
AGAINST TRADE SANCTIONS**

An illustration of co-ordinated economic activities by countries of the Sino-Soviet bloc in pursuit of bloc-wide political objectives is provided by Communist China's recent rubber-purchasing program in Southeast Asia. Although China is assured a more than adequate supply of rubber for its own use under a five-year trade pact with Ceylon signed in 1952, it has recently stepped up imports of Indonesian and Burmese rubber and offered to buy rubber at premium prices from Cambodia. China re-exports surplus rubber to the USSR and the European Satellites. The main purpose of this program is to make the UN-sponsored embargo ineffectual and discredit Western trade limitations generally.

Rubber is especially suitable for such a drive because it is produced throughout South Asia and its price has fluctuated widely in recent years--a factor which the producing countries are seeking to eliminate. Pressure against the embargo has been mounting in Malaya--China's chief source of

rubber prior to the UN embargo--for some time, particularly since the Eden-Eisenhower talks last January concerning a possible

[REDACTED]

CHINESE COMMUNIST RUBBER IMPORTS
(THOUSANDS OF TONS)

YEAR	CEYLON	BURMA	INDONESIA	TOTAL
1952	23.75			23.75
1953	65.7	3.5		69.2
1954	60.0		6.0	66.0
1955	32.75	.4	7.0	40.15
1956	15.55	.8	6.3	22.65
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reduction in trade controls. Singapore press reports have headlined that the rubber embargo was given special attention in those talks.

All of China's domestic requirements could be purchased at world prices through Soviet bloc countries against which the embargo on rubber does not apply. [REDACTED] (Prepared by ORR)

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**FUTURE OF THE TRUCE COMMISSION
IN VIETNAM**

The withdrawal of the French high command from South Vietnam on 28 April marked the end of French responsibility for implementing the 1954 Geneva agreement and has clouded the future of the International Control Commission. It is probable, however, that the commission will continue to function as requested by Britain and the USSR.

India is insisting that the commission cannot carry on in the absence of a clear-cut transfer of responsibility from the French to the government of South Vietnam. New Delhi has rejected as inadequate President Diem's declaration that his government would respect all provisions of the armistice but that it is not bound de jure by the terms of

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the Geneva accord. The Indians are demanding at least token recognition of the Geneva settlement, such as an agreement to enter into political discussions with the Viet Minh sometime in the future.

Geneva Co-Chairmen Act

Lord Reading and Andrei Gromyko--representatives of the British and Soviet co-chairmen of the Geneva conference--have been considering current Vietnamese problems in London since 11 April. Although Gromyko has called for a new conference of the Geneva agreement powers, he has not pressed the issue and has agreed to the dispatch of two notes urging the commission to continue its normal activities until further notice.

These notes appear to have had the effect of modifying the Indian position. On 30 April the commission drafted a reply to the second London note stating that it might be able to continue its work if provided with "specific operating instructions" from the co-chairmen. It can be assumed that these instructions will be forthcoming and that the Indians will eventually allow themselves to be convinced that the commission can operate under the new conditions and serve the cause of peace. The other members of

the commission, Poland and Canada, will undoubtedly go along with the Indians.

Viet Minh Position

The withdrawal of the French high command from South Vietnam has not pleased Viet Minh leaders in spite of their long-standing desire to end French influence in Indochina. The Viet Minh has shown concern over the increase in Diem's popularity as a result of the credit he has received for removal of the last vestige of French influence in South Vietnam.

Although the International Control Commission is likely to remain in Vietnam for some time to come, its influence will probably gradually diminish. The South Vietnamese government's co-operation undoubtedly will be limited and perfunctory. The Viet Minh will continue to give the impression of complete co-operation with the commission and blame any commission failures on Diem.

In this connection, the Communists will probably continue to press for reconvening the Geneva conference or may promote a "little Geneva" which would be restricted to the USSR, Britain, the commission powers and the two Vietnams.

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NORTH KOREAN PARTY CONGRESS

The recent third congress of the North Korean Communist Party reflected the continuing predominance of Soviet influence in North Korea, despite the magnitude of Communist China's military and economic effort during and since the Korean hostilities.

Pre-eminence of Kim Il-sung

The leader of the Soviet delegation to the congress, L.I. Brezhnev, has noted that in the USSR the restoration of collective leadership was adjudged to be "of particular importance," and stated that the

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Korean Communist Party must "stress" the establishment of collective leadership. North Korean propagandists echo Moscow's line and have applied the term "leader" to the party's central committee rather than to Kim Il-sung. Nevertheless, Kim remains both premier and party chairman.

There has been no criticism of past policies of the party leadership. On the contrary, Kim stated at the closing session of the congress on 29 April that since 1948, "all" the work implemented by the party's central committee was "entirely correct."

The party elections underscore the pre-eminence of Kim Il-sung and the dominance of Soviet-oriented over China-oriented Koreans in the Pyongyang regime. Soviet influence will probably continue to be paramount, despite the fact that the value of Chinese Communist aid to North Korea currently exceeds that extended by the USSR.

Party Membership

North Korean leaders are evidently counting on increased

party membership to improve the effectiveness of Communist control over the population. In his keynote speech, Kim announced that despite the loss of a "large number" of party members during the Korean hostilities, party membership is now 1,164,945--an increase of 439,000 since the second congress in 1948. This increase gives the North Koreans the highest party-to-population ratio--one to eight--of any Communist regime.

In the field of foreign policy, Kim formalized previous appeals for the "peaceful unification" of Korea. He called for an all-Korea "coalition government," a joint conference of political parties and social organizations of North and South Korea to work for such a coalition, and, as an interim measure, a wide range of lower-level contacts.

This proposal and Communist China's repeated requests for a conference of nations to discuss the "withdrawal of all foreign forces and the peaceful unification of Korea" have met with little positive response from the nations concerned or from the Asian neutrals.

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SOUTH KOREA'S
PRESIDENTIAL ELECTION

The campaign for South Korea's election on 15 May has been characterized to date by a show of considerable opposition strength. Because the opposition is conceded a chance to defeat President Rhee's running mate, Yi Ki-pung, the closing days of the campaign probably will be marked by increased police activity on behalf of the Rhee-Yi slate.

About 9,000,000 votes are expected to be cast. A prominent opposition leader has conceded that Rhee will defeat Democrat Sin Ik-hui for the presidency by about 1,000,000 votes, but has stated that Democrat Chang Myon still has a chance to defeat Yi Ki-pung for the vice presidency.

Liberal Party sources believe Rhee will defeat Sin by

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2,500,000 votes--gaining about 60 percent of the total vote. In the vice-presidential race, they predict that Yi Ki-pung will poll 3,000,000 votes, Chang Myon 2,000,000, and Yi Pom-sok, running as an independent, 1,000,000, with the remainder scattered among four minor candidates. Opposition sentiment is strong in the cities, and some Democratic leaders believe if their party can gain 35 percent of the rural vote Yi Ki-pung will be defeated.

President Rhee's opponents have incensed Rhee with the vigor of their attacks, prompting Rhee to campaign actively for the first time since

becoming president. Sin Ik-hui has charged Rhee with being "a poor statesman" who shows a "poverty of diplomacy" in his dealings with potentially friendly nations.

Although present indications point to the election of both Rhee and Yi Ki-pung, publicity concerning the poor state of Yi's health could affect the vice-presidential race, as could withdrawals by minor candidates or a continued rise in the price of rice. Liberal Party anxiety concerning the rice problem has been reflected in requests that the United States expedite the shipment of surplus grain to South Korea.

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JAPANESE ATTITUDES TOWARD NUCLEAR TESTS

The general mood in Japan as nuclear tests in the Pacific get under way appears to be one of "relative calm." The Japanese are "somewhat fearful, but not emotionally alarmed," according to a public opinion survey. Press coverage, which until six weeks ago was alarmist, is still heavy, and editorial comment remains adverse, but less sensational. Any incident inimical to Japan, such as the reappearance of "radio-active tuna," could again excite Japanese sensitivity on nuclear matters.

There has been a marked change to Japan's attitude toward nuclear matters since the 1954 Bikini explosion, which brought an outbreak of national hysteria and a spate of anti-Americanism. Much of this change is the result of widespread interest among Japan's

leaders in the peaceful uses of atomic energy and in maintaining Japan's prestige as Asia's leader in the scientific field. Advance co-ordination with the Japanese on the timing of the tests now under way and sympathetic American attention to the Diet's resolution against nuclear weapons tests have had a mitigating effect on Japanese attitudes.

Public Opinion Survey

A public opinion survey conducted in January under USIA auspices among diversified segments of the Japanese population indicated, however, that 60 percent still view atomic energy as a curse to mankind, while 55 percent desire atomic disarmament even if the anti-Communist nations should become relatively weakened thereby. The survey also showed that the Japanese

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people are skeptical about the sincerity of American and Soviet intentions to develop nuclear energy for peaceful purposes, but that there is slightly more respect for American intentions.

The tests are likely to cause, in the short run at least, an even more unfavorable attitude among the Japanese population toward nuclear

development. The United States probably will suffer most in this respect because Japanese attention is centered largely on the Bikini tests. The Japanese are sending a survey ship to investigate the effect of the tests on marine life, fishermen, and weather, and its findings will be widely exploited in Japan. [REDACTED]

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GREEK POLITICAL SITUATION

The Greek government has survived the parliamentary debate on its handling of the Cyprus dispute, and Prime Minister Karamanlis apparently emerged with enhanced prestige. Karamanlis successfully defended Foreign Minister Theotokis against opposition charges that he had mishandled the Cyprus problem. The foreign minister is now preparing to reopen talks with the British and Turkish representatives at the current NATO meeting.

Karamanlis apparently decided at the last moment to take the offensive in the parliamentary debate over Theotokis which the opposition had demanded. He pointed out that previous center party governments had not been willing to push the Cypriot claim and had no constructive suggestions to make. Neither the opposition nor the government asked that a vote of confidence be taken.

In later statements to the press, Karamanlis declared

that his government would "put all necessary efforts into promoting a solution of the Cyprus problem." He added, however, that he was determined to tackle major domestic problems instead of "indulging in demagoguery" on the Cyprus issue.

Approach to Turkey and UK

Theotokis has told the American embassy in Athens that he intends to approach both Turkish foreign minister Koprulu and British foreign secretary Selwyn Lloyd in an effort to reopen the Cyprus discussions. He hopes to persuade the Turks to be more flexible and accept genuine self-government for the island.

Theotokis intends to tell the British that he wants to resume negotiations and that the present impasse would be broken if a "forward-looking statement" could be made about the groundwork being done on the proposed Cypriot constitution. This moderate approach indicates

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that the Karamanlis government intends to exhaust all reasonable measures in seeking a solution of the Cyprus problem.

If Britain carries out the death sentence which has been imposed on a Cypriot for terrorist activities, the reaction in Greece would be violent. It

could cause the fall of the Greek government, and force a break in relations with Britain.

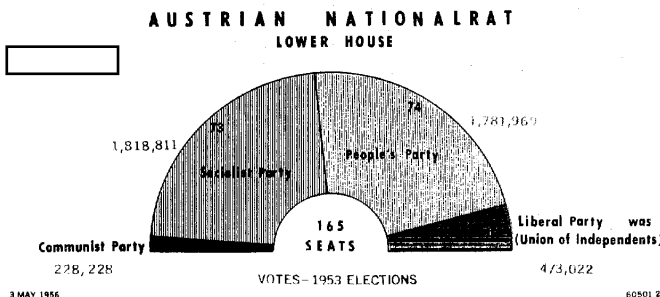
The parliamentary opposition will doubtless renew its attack on the government if Karamanlis' policy fails to produce a response from Britain and Turkey.

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AUSTRIAN ELECTIONS

On 13 May the Austrians will elect a new parliament in a country free of foreign troops for the first time in 18 years. The majority of the votes will be divided between the conservative People's Party and the moderate Socialists, which have governed as a coalition since 1945. The formation of a new coalition, capable of coping with the problems associated with the end of the occupation, may, however, be a long and difficult process.

they pushed for early elections with the primary objective of proving at the polls that the People's Party could not govern alone.



The gradual disintegration over the last six months of coalition co-operation accounts in large part for the decision to hold the elections at this time. The present parliament's mandate would not have expired until next February. On most questions of substance, the two parties are basically not far apart, and they had reached a tacit understanding on the handling of many of them as long ago as 1953. Lately, however, the Socialists have suspected that these basic agreements were being violated in practice, and

Substantive Issues

The substantive issues include such routine questions as tax reduction and the price of milk but focus mainly on problems precipitated by the state treaty: the disposition of the former German assets returned to Austria by the USSR, the organization of the new defense establishment--where the Socialists contend their nominees are discriminated against--and, to a lesser extent, Chancellor Taab's foreign policy, which the Socialists feel is not

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demonstratively pro-Western. The predominant issue, however, is whether the oil industry--the most important of the properties returned by the USSR--should be permanently nationalized or operated in part by "private" companies. The 13 May polling has accordingly been popularly dubbed the "oil elections."

A few thousand votes either way will probably be decisive for the relative positions of the coalition parties.

Should either coalition party score major gains at the expense of the other, the effort to strike a balance of power--if anything like earlier inter-party negotiations--is likely to be protracted. Should the People's Party and the Liberals together emerge from the elections with a parliamentary majority--which is not expected--elements in the former might be tempted to try to govern without the Socialists. 25X1

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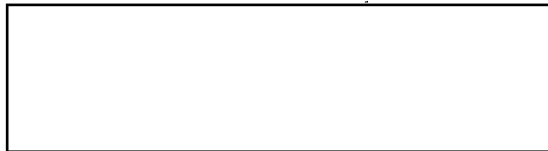


PANAMA

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The leadership of Panama's next administration seems likely to be determined less by the national elections scheduled for 13 May than by the outcome of the bitter struggle for power within the administration's corrupt machine, the National Patriotic Coalition Party (PCPN). If some degree of unity can be restored to the PCPN, its compromise presidential candidate, Ernesto de la Guardia, appears assured of an election victory over Victor F. Goytia, candidate of the only legal opposition party, the weak and divided National Liberal Party (PLN). If PCPN unity is not restored, one of its two contending factions may attempt to seize the government by force.

De la Guardia and outgoing president Ricardo Arias appear to have lost control of the PCPN and seem powerless to stop the open feuding within the party. The PCPN faction now apparently strongest is led by Alejandro Remon, the ruthless and power-hungry minister of government and justice, who would have no stake in a De la Guardia administration. Remon may have the backing of Lt. Col. Saturnino Flores, second in command of the National Guard, Panama's only armed force.



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Remon Assassination

The still unsolved assassination of President José A. Remon in January 1955 continues to be an unsettling factor of major importance in Panamanian politics. The administration has attempted to pin the blame on José Ramon Guizado, who briefly succeeded Remon as president and was then ousted and summarily convicted as an accessory to the assassination. Ruben Miro, the alleged principal, still awaits trial and has reportedly retracted the confession which implicated Guizado.

Public suspicion and dissatisfaction over the government's handling of the case were apparently the cause of the rioting in Panama City on 21 April, and mutual recriminations regarding responsibility

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for the murder appear to be responsible for the widening rift in the PCPN.

of international opinion, probably has restrained PCPN factions from blatantly grabbing power in the 15 months since Remon's assassination.

Among the organized opposition political groups attempting to exploit the present instability is the "third positionist" Popular Resistance Alliance (ARP), which is ineligible to participate in the elections. This group is heavily influenced by anti-American and pro-Communist elements. So far it has concentrated its fire mainly on the corruption and self-seeking of the "oligarchy," which it equates with the PCPN and the PLN.

Opposition Tactics

The American embassy sees a strong possibility that opposition candidate Goytia might withdraw from the presidential race in a dramatic gesture protesting PCPN machine control. This, in the embassy's opinion, would increase the possibility of a coup by a PCPN faction. If Goytia withdraws, the PCPN would be unopposed in the elections and the administration would be stripped of much of its facade of democracy and legalistic propriety. The desire to maintain this facade, mainly for the benefit

The ARP, which reportedly is calling for revolution, is capable of instigating rioting and of further arousing the already restive public against the government.

CUBAN REVOLT

The revolt in the city of Matanzas on 29 April seems to have left President Batista's grip on Cuba unshaken. Popular dissatisfaction with his regime, however, is becoming more widespread, and opposition elements, though still apparently incapable of subverting the armed forces, will probably continue to exploit the uneasy situation.

The Matanzas revolt is the latest and bloodiest of several uprisings against Batista's regime since he ousted President Prio in the coup of March 1952. The revolt of 29 April was reportedly planned

by one of Prio's lieutenants, Fidel Castro, who led the abortive attempt against the Santiago garrison in July 1953. Batista, having suspended constitutional guarantees for 45 days to facilitate his crack-down on further revolutionary activity, had scores of people arrested throughout the island, including Prio and a number of his followers, on charges of instigating the uprising. Prio himself has since been released.

The majority of the armed forces, still the key to power, apparently remains loyal to Batista, who has treated the

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military as a privileged group. The president is, however, renewing his efforts to reorganize the army, under a special grant of power from the congress, in order to dismiss, transfer or retire all elements of questionable loyalty.

The opposition, which boycotted the November 1954 elections and still insists that they were fraudulent, has demanded a new election for all offices, including that of president. Batista has ada-

manly opposed elections before November 1958 and seems to be considering a change in the constitution to permit him to run again.

Meanwhile, some opposition elements continue to exploit the wave of unrest which has prevailed since 3 April, when a military conspiracy was revealed. [REDACTED]

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PART III

PATTERNS AND PERSPECTIVESUSSR TAKES CAUTIOUS STEPS TOWARD ADMINISTRATIVE DECENTRALIZATION

Under Stalin, particularly in his later years, the administrative upper stratum, composed of high-level government administrators, factory managers, engineers, scientists, army officers, and party officials, was held rigidly in the role of a bureaucratic serving class. The system, characterized by an excessive centralization and pervaded by police terror, destroyed initiative and resulted in apathy toward work, widespread corruption and in that phenomenon known in Soviet official literature as "formalism," which means proceeding mechanically "according to plan" regardless of the specific needs of the situation.

Russia's new rulers have become increasingly aware of the stultifying effects of extreme centralization, rigid conformity to predetermined methods, and inflexible goals. They have sought to ameliorate the situation by delegating some of the authority formerly reserved for the highest levels in the administrative chain of command and by modifying the chain of command itself, so as to transfer some of the powers of the Moscow center to the Union Republics (Ukraine, Kazakhstan, Azerbaidzhan, etc.).

More Local Control

The first of these corrective methods includes such recent measures as a reduction in the number of statistical categories to be included in the over-all national economic plan and the delegation of responsibility for the excluded categories to the economic ministries and their subordinates; a widening of the powers of ministries in allocating supplies and raw materials and in financial operations; and a simplification in the system of agricultural planning which

permits local authorities and even individual collective farms some say in the matter.

There are reports that a new statute is being drafted for the local Soviets which will define for these organs certain limited autonomous powers. A new universities charter is reportedly being discussed which would provide that rectors and deans of university faculties be chosen by faculty representatives rather than appointed from above by the minister of higher education.

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These steps, although still quite limited, point the direction in which the movement for administrative efficiency is going. They are, however, still a long way from satisfying the cry of one factory director published in the Soviet press in December 1955: "We are fettered by the framework of present planning, by the framework of present organization of administration.... A charter of the rights of the director has got to be worked out quickly and put into practice. I am not talking about obligations--the comrades in the Center will take care of the obligations without being reminded. But I, as a director, would like to get--along with the charter of obligations--the right to stand up for my rights, and simply to have them finally in my hands."

This frankly worded public expression undoubtedly echoes the feelings of most members of the administrative stratum of Soviet society--plant directors, union chiefs and party executives.

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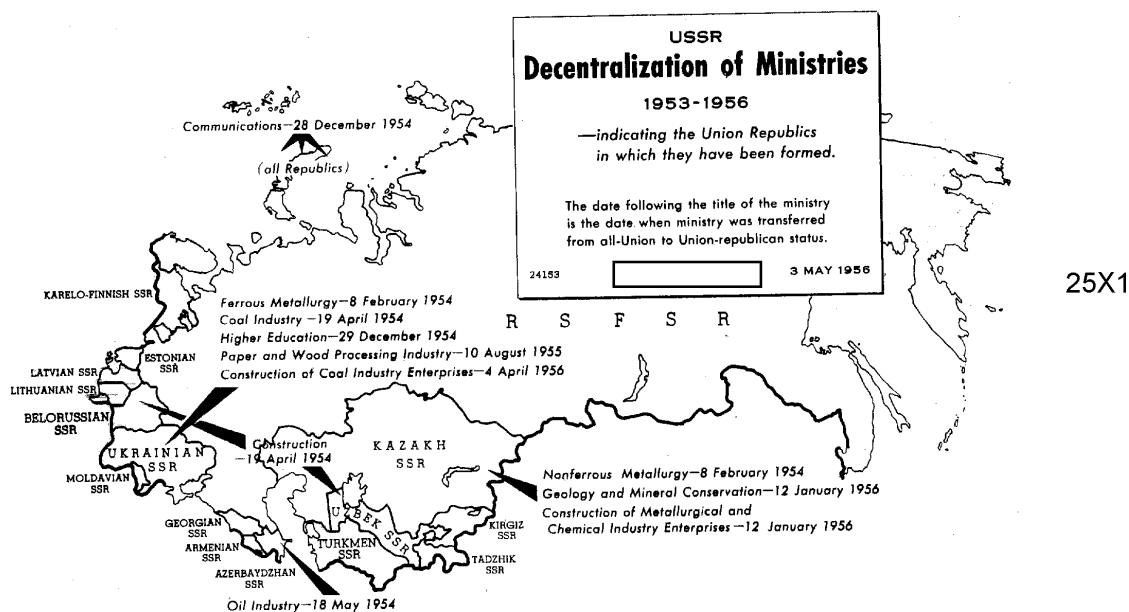
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Republic Ministries

The structural or jurisdictional changes which are occurring involve the transfer of various enterprises from the authority of central ministries in Moscow to that of republic ministries in the various republic capitals, and the transfer of some smaller units to the jurisdiction of local organs of administration. Premier Bulganin, in his report to the Soviet 20th Party Congress on the Sixth Five-Year Plan, revealed that over 11,000 industrial enterprises,

by creating the new republic-level ministries in only those republics which, next to the vast Russian Federation (RSFSR), are the principal producers of the product involved or most in need of the activity. For example, the Ukraine, which produces substantially more iron and steel than any other republic except the RSFSR, is the only republic with a Ministry of Ferrous Metallurgy. Enterprises in the RSFSR continue to be administered by the center and constitute the bulk of the union ministries' responsibilities.



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including coal, timber, oil, iron and steel, meat packing, dairy products, textile, food, motor transport and communications facilities, had been transferred from central to republic jurisdiction.

The greatest number of enterprises transferred to the Union Republics (involving 11 ministries so far) are in fields heretofore the exclusive province of central control. Flexibility is exhibited, too,

The move toward structural decentralization, no less than the formal grants to lower echelons in the administrative structure of an increased share in functional decision making, is a post-Stalin phenomenon on which the Soviet Union's collective dictatorship appears to be in general agreement. The first steps were taken under Malenkov's aegis but the movement has gained rather than lost ground under Khrushchev.

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There is some evidence, however, of limited opposition to individual moves. Some of the leaders in the central administrative apparatus, particularly, have been reluctant to give up any of their powers to lower echelon officials. By and large, though, the measures appear to be generally popular and will probably be extended.

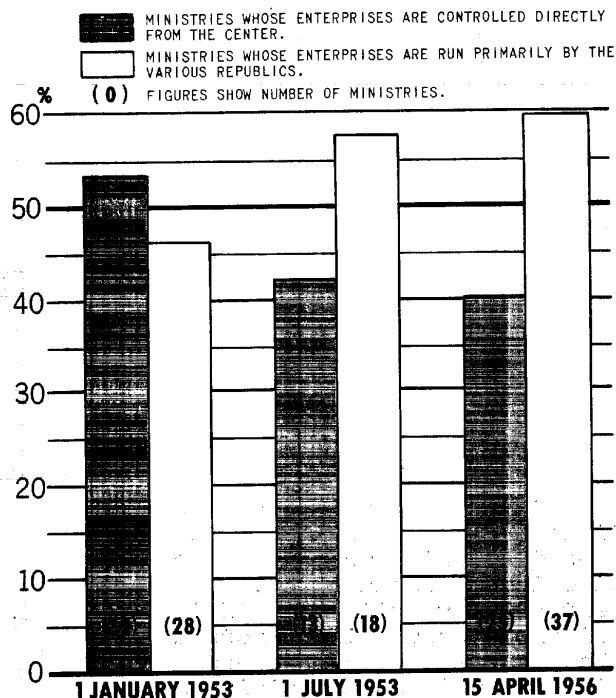
Decentralization, however, will certainly intensify strains in the system of coordination and control. The local party secretary, for example, who heretofore had only to ensure that the enterprises (industrial, cultural, agricultural, etc.) within his bailiwick adhered to the letter of central directives, must begin to exercise initiative and judgment in determining whether the plant director, school head, or office manager's use of his newly granted functional authority is a "reasonable" exercise of initiative or not.

It is doubtful whether party officials will be sufficiently flexible to cope with the new demands inevitably devolving upon it as the process of decentralization continues. Local party secretaries in many areas will probably soon seek to reimpose the simpler, more rigid controls with which they are familiar. It will take continued effort on the part of the top leaders to protect the administrator's newly granted

privileges and functional responsibilities from interference by intractable party functionaries.

There seems to be little danger that this program of cautious, gradual, and limited decentralization will proceed

**TREND TOWARD DECENTRALIZATION
OF USSR MINISTRIES**



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so far that the movement will acquire a momentum of its own and become difficult to check. The present regime wants the benefits from its "liberal" policies, but if faced with any appearance of a crisis threatening essential central control, the leaders would probably fall back on Stalin's methods of control to ensure that their authority remains unchallenged.

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EAST GERMANY RENEWS ITS ATTACK ON THE EVANGELICAL CHURCH

The East German regime has renewed its campaign against the Evangelical Church since the plenum of the Socialist Unity (Communist) Party (SED) last October. The primary purpose of the campaign is to separate the church in East Germany--which has the nominal membership of 90 percent of all East Germans--from the control of Bishop Dibelius, a militant anti-Communist who as chairman of the Berlin-Brandenburg church maintains his seat in West Berlin. The Communists have found that despite the conciliatory attitude they have pursued toward the church since the June 1953 riots, the church continues to be a major block to SED attempts to control all phases of East German life.

Postwar Friction

The postwar history of East Germany has been marked by a continuing struggle between civil authority and the churches. The financial resources and social activities of churches

have been attacked by the SED, although on the whole the party has continued to pay lip service to the principle of tolerance with respect to church beliefs and "other ways of thinking." The churches have served as rallying points for popular resistance and have attracted many people purely on the basis of their fight against the Communists. Probably about 95 percent of the active Christians are in accord with the attitude toward the regime taken by Dibelius and other church leaders.

The renewal of the campaign against the church was stimulated by a change in the West German leadership of the Evangelical Church's general synod, which includes the branch in East Germany. The former leadership, as a proponent of neutralism, has contributed substantially to the Communist propaganda campaign against rearmament.

One of the major sources of friction has been the regime's efforts to win party allegiance

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from young church members through the youth consecration (Jugendweihe) program. Efforts to draw youth into this program have been unsuccessful primarily because of the firm, vocal opposition of churchmen throughout the country. In a new campaign this spring to get the Jugendweihe off to a good start, the Communists have given the program the endorsement of the "Democratic bloc" of parties and mass organizations and are singling out pastors who are resisting the program for sharp reproaches in the press.

Method of Attack

In combating the Evangelical Church, the East German regime's principal argument is that the church leadership, primarily through its Western association, has developed an attitude toward the state that smacks strongly of disloyalty.

The Communists claim they have no intention of infringing on church activities and ask only that East German churchmen be sympathetic toward the "world peace movement" and the "progressive social development" of East Germany.

minimum government demands presented to the church in February were: (1) recognition of the East German regime; (2) acceptance of the "neutralized Germany" concept; (3) public condemnation of Bonn's participation in NATO; and (4) endorsement of the peace campaign as enunciated in Warsaw and Stockholm.

To gain these ends, the regime has stopped collecting taxes for the church and since 1 March has blocked transfer to it of any funds from West Germany. This ban, according to Berlin church officials, is costing the church 300,000

marks a month. The church is now entirely dependent on government grants and local contributions, which are far from adequate to meet its needs.

The church has also been forbidden since 15 February to carry out religious instruction at secondary schools in East Berlin, a measure which will probably be extended to all religious teaching. The church leadership in West Berlin considers the new restriction considerably more oppressive than earlier restrictions on religious education.

The regime clearly perceives that opposition is nurtured by contacts with the West German church and that the surest means of cutting off this support is to substitute for the Dibelius leadership a Communist-controlled separate hierarchy within East Germany. Having failed to obtain backing from the clergy for this plan, the Communists are now beginning to concentrate on lay elements.

At the same time, attacks on the church leadership in the West--particularly on Bishop Dibelius--have become sharper and more frequent, and the East German press has become more vociferous in its praise of the neutralist Provost Grueber, the Evangelical liaison representative to the East German government. Grueber, however, will probably not consent to head a separate pro-regime church.

West German Reaction

Meanwhile, press reports from West Berlin indicate that Evangelical leaders are discussing the possibility of an agreement with the East German government in order to preserve the unity of the church in the two Germanies. A prominent church official has indicated that Dibelius will sign an agreement if the terms are reasonable, even if it means

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that the church has to extend formal recognition to the regime.

The church will not wage an all-out fight against the government, the official believes, until all other possible solutions have been exhausted. The church leaders

apparently hope that some agreement can be reached which will exclude formal commitments such as limiting the subject matter of sermons or the rights of individuals to participate in religious activities and which will not compel anyone to take part in such programs as the Jugendweihe.

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EURATOM AND THE COMMON MARKET

With the completion on 21 April of the draft plans for EURATOM (European Atomic Energy Agency) and the common market, the European integration drive is ready to move from the technical phase into a new and critical period of domestic political bargaining and intensive diplomatic negotiations.

Advocates of the new proposals are already stepping up their efforts to recruit the parliamentary support needed to put them into effect; and on 29 May, the foreign ministers of the prospective member nations--France, Italy, West Germany and the three Benelux countries--will try to iron out the outstanding substantive problems and decide whether or

not to proceed to the actual drafting of treaties.

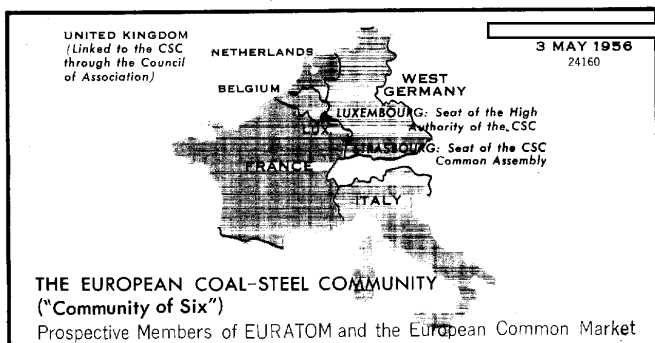
Substance of the Proposals

The lengthy technical discussions on the two projects, largely in the Intergovernmental Committee in Brussels, have cost some loss in momentum, but have also allowed the experts to reach agreement on the general outline and on many of the most important details.

The committee's proposals for the common market envisage the progressive establishment over a 12-year period of a customs union in which the economic and social policies of the six members would gradually be unified. The proposals provide for a billion-dollar investment bank, a workers' rehabilitation and readaptation fund, various safeguards and escape clauses, and a common organization with sufficient powers to achieve the union's objectives.

With respect to atomic energy, the committee has proposed

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